



Defense Logistics Agency
Joint Services CAS Executive
Meeting
July 30, 1997



Contractor Direct Billing Today's Presentation



Contractor Direct Billing Today's Presentation

- Overview of Direct Billing Program



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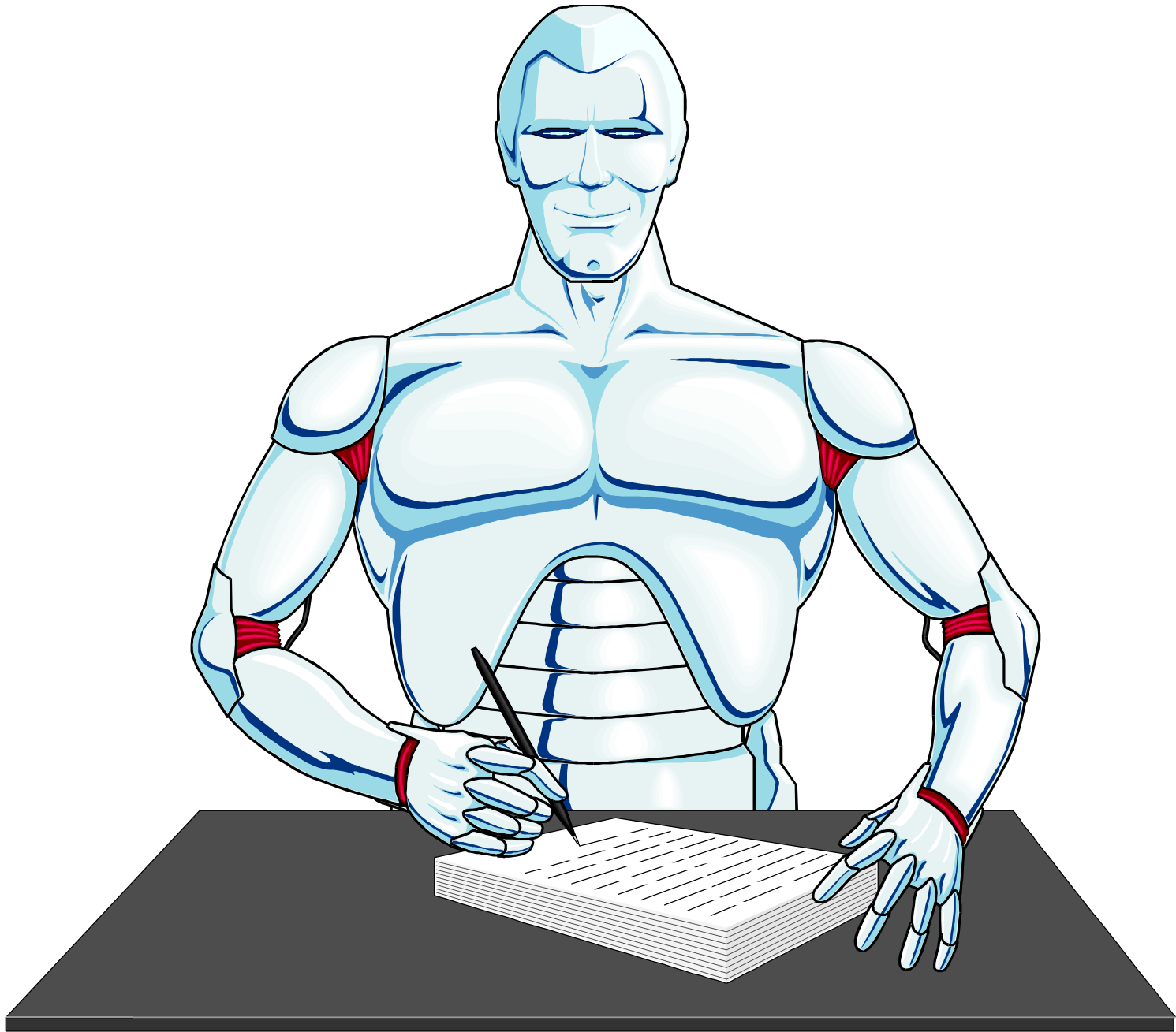


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Continuing the Journey









What Did We Want to Accomplish?

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- Reduce payment cycle time and processing costs without increased risk

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Focus on adequacy of contractors' billing systems rather than each individual voucher

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- Reduce payment cycle time and processing costs without increased risk

Focus on adequacy of contractors' billing systems rather than each individual voucher

Facilitate transmission of contractor payments using Electronic Data Interchange (EDI)

Test Results

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- **DCAA:**
 - Reduced time spent reviewing interim billings
 - Reduced time spent briefing contracts

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- **DCAA:**
 - Reduced time spent reviewing interim billings
 - Reduced time spent briefing contracts
- **Contractors:**
 - Quicker payment of billings
 - Less oversight
- **Paying Office:**
 - Reduced payment cycle time

Regulatory Actions

- Change in DFARS 242.803 - dated 21 May 1996
Authorizes auditor to allow contractors with adequate billing systems to submit interim vouchers directly

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- Change in DFARS 242.803 - dated 21 May 1996
 - Authorizes auditor to allow contractors with adequate billing systems to submit interim vouchers directly
- DCMC 5 July 1996 Policy Memorandum to ACOs
 - Authorizes ACOs to modify existing contracts
 - Recommends using block change approach to modify
 - Recommends use of draft DCAA/DCMC invoicing clause as payment instructions in contracts



Criteria for Direct Billing Adequate Billing System



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Major Contractors

- Adequate billing system

Per ICAPS

- Timely incurred cost proposals



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Major Contractors

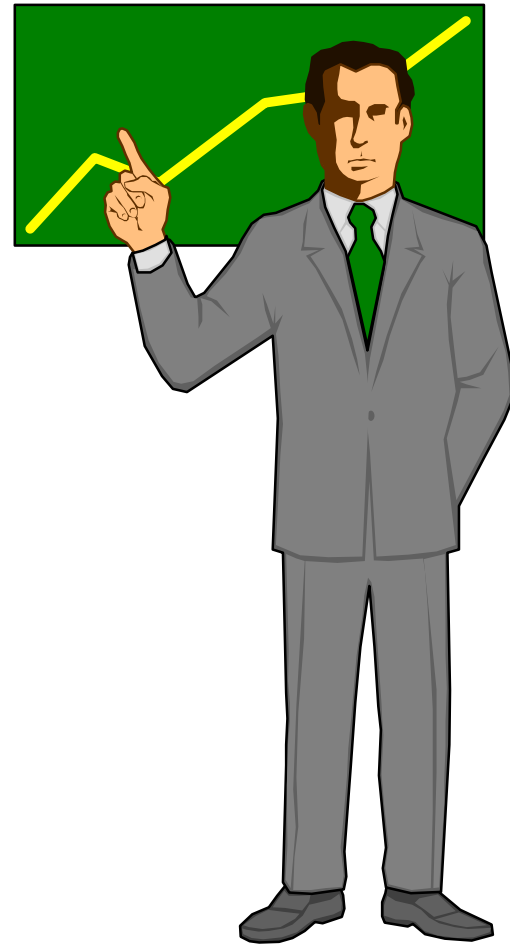
- Adequate billing system
Per ICAPS
- Timely incurred cost proposals

Nonmajor Contractors

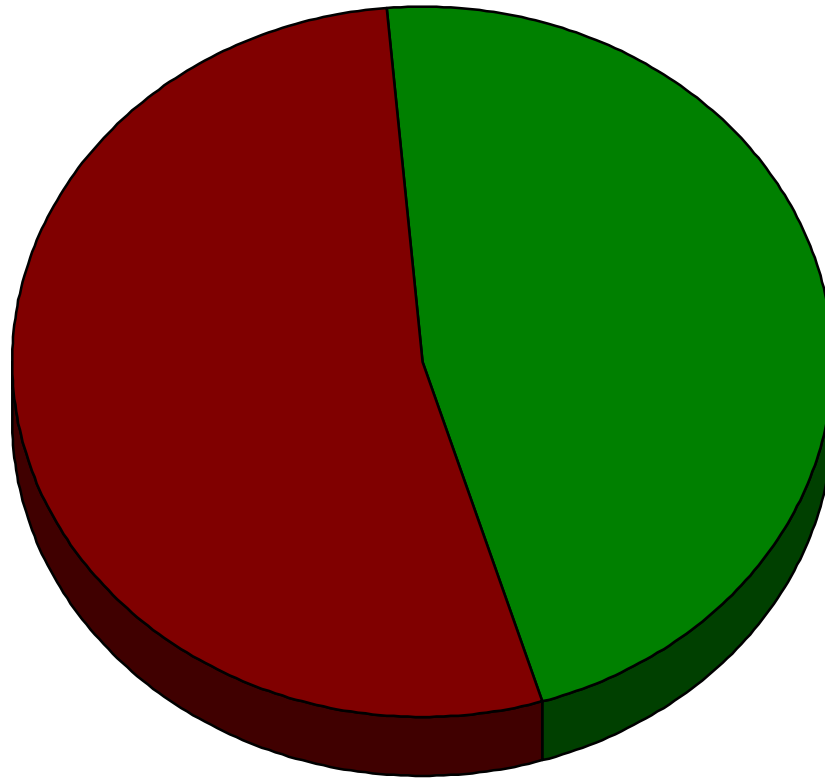
- Acceptable accounting system
- Cumulative allowable contract costs
Prepare billing rate proposals
- Adjust year-end billing rates
- Brief contracts
- Timely incurred cost proposals

Implementation Plan

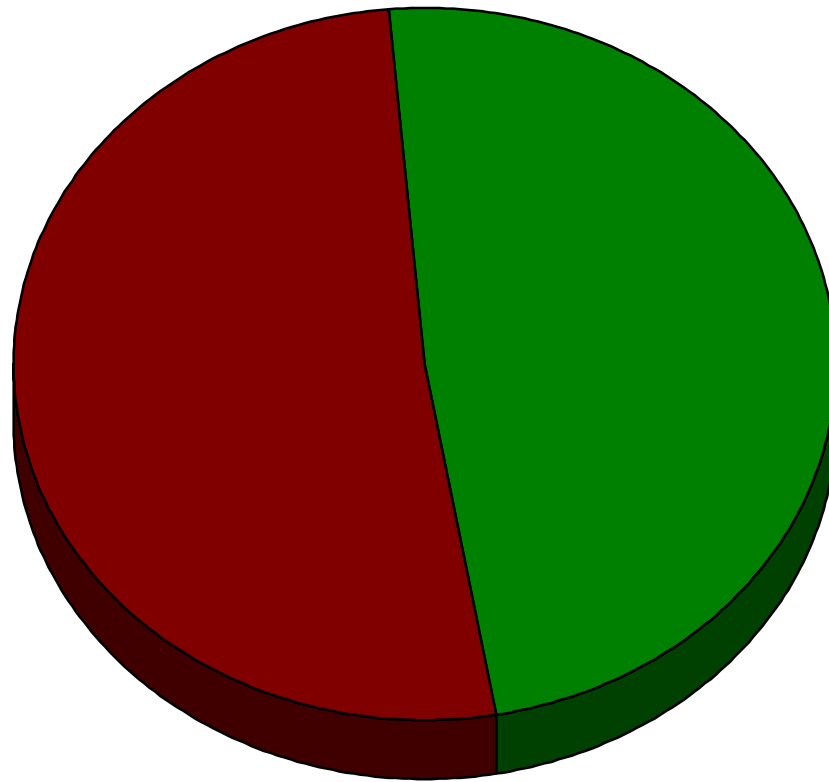
- Where do we stand now?



MAJOR CONTRACTORS

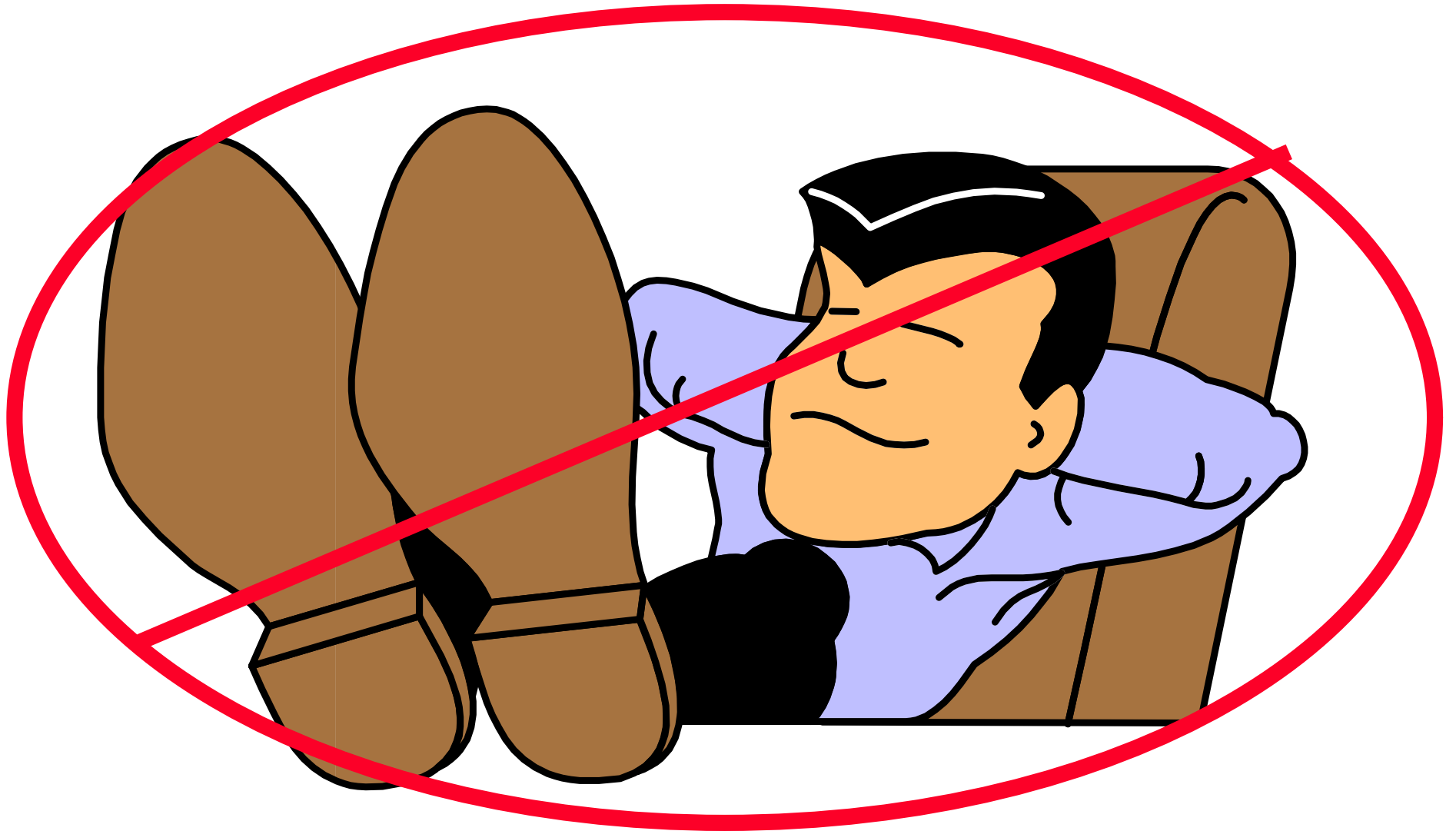


DFAS TOP 100





Time to Relax?







Expanding The Direct Billing Program

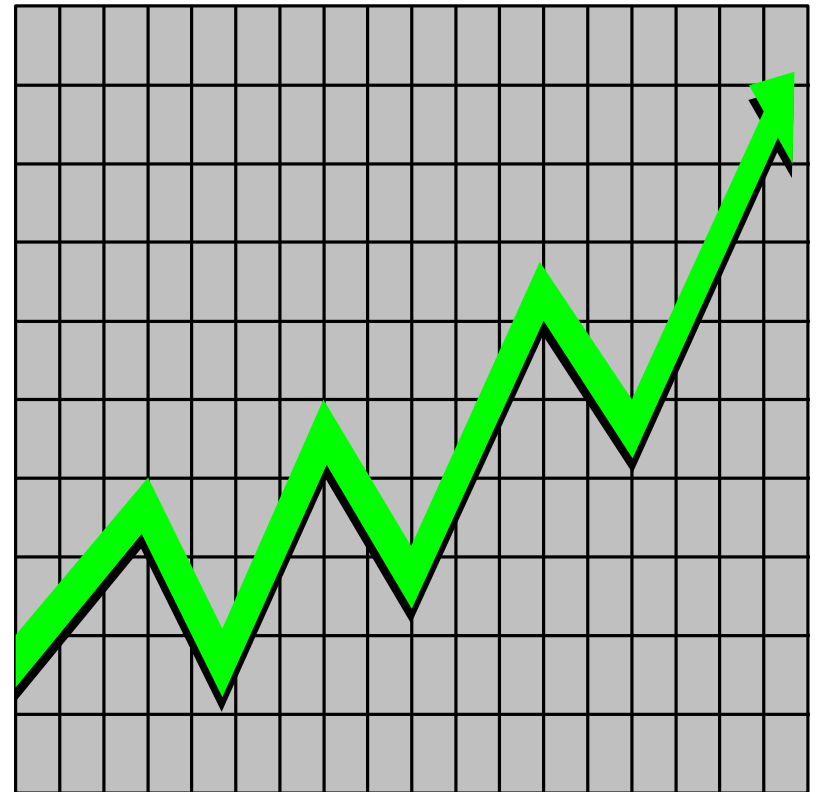
- All DoD Paying Offices





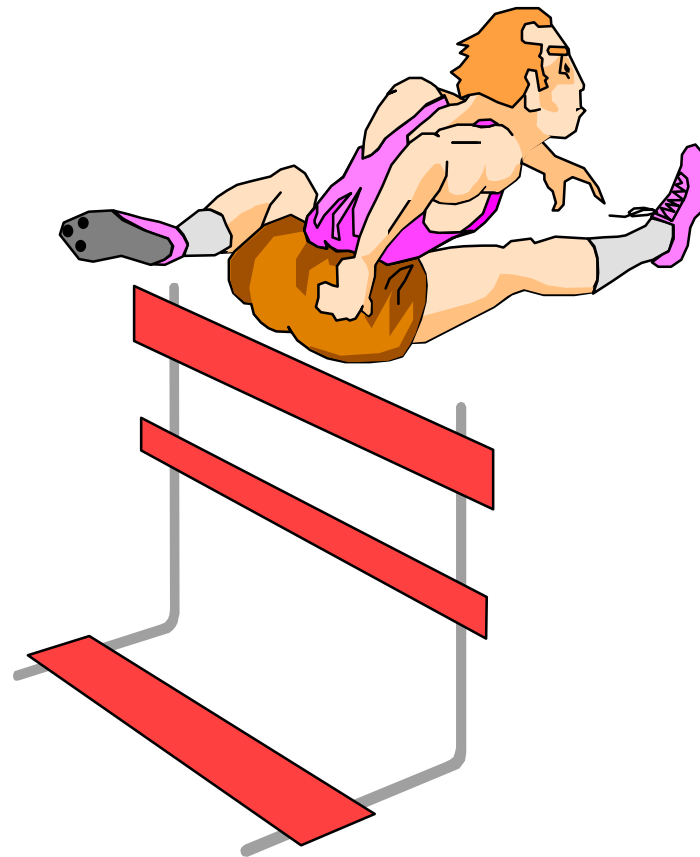
Expanding The Direct Billing Program

- All DoD Paying Offices
- Civilian Agencies
 - NASA
 - Other Agencies



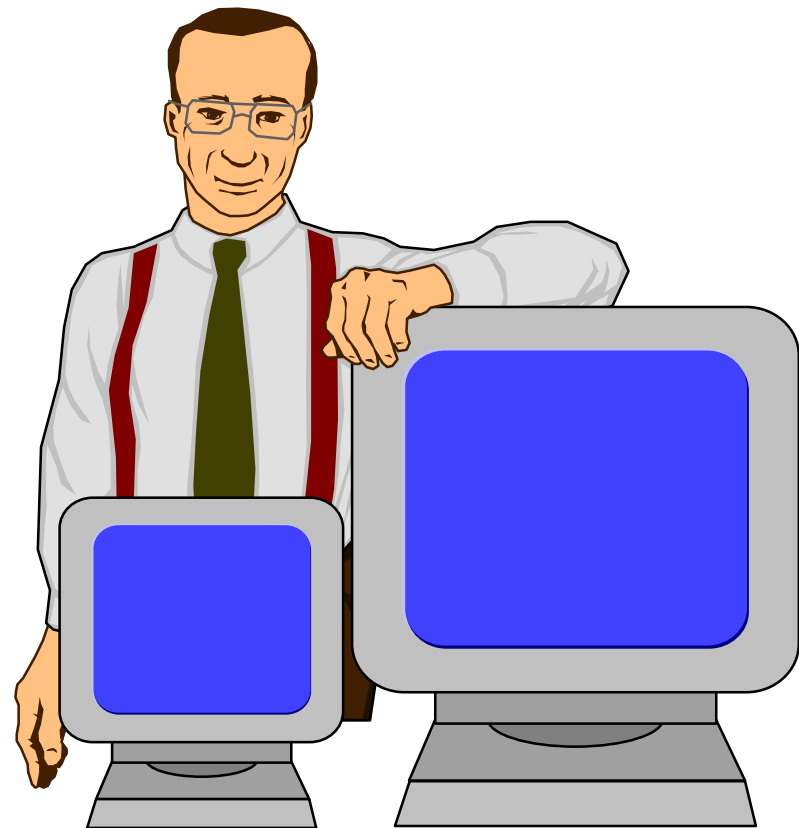
Electronic Data Interchange (EDI)

- Transaction Sets
 - SF 1034
 - SF 1035
- Tests



EDI Tests

- McDonnell Douglas
- Raytheon
- Northrop Grumman
- Lockheed Martin



Continuing the Journey

A stylized landscape illustration. A grey road with yellow and orange dashed lines winds from the bottom left towards a bright yellow sun rising over green hills. The sky is blue with several white clouds. The title 'Continuing the Journey' is at the top.

- **Non Majors**
- **All DoD Paying Activities**
- **Civilian Agencies**
- **EDI**
- **Refining the Process**